

# Kindschi comes in from cold

## Angry ex-CIA official tells his side of Rewald story

First of a series

By Walter Wright  
Advertiser Staff Writer



### a spy's-eye view of ron rewald

John C. "Jack" Kindschi used to be a CIA agent who claimed he was a businessman.

But Kindschi says he met his match in Ronald R. Rewald, a businessman who now claims to be a CIA agent.

"He sure turned the tables on me," says Kindschi.

The CIA trusted Rewald to provide "commercial cover" — a company with business cards, stationery, a telephone number and address — for some CIA activity.

Kindschi trusted Rewald with his life savings. Now he says Rewald stole the money.

The battle is not over. Rewald, facing criminal charges based in part on Kindschi's testimony, says he is innocent and the CIA is to blame. And Kindschi says Rewald is trying to set him up as the fall guy.

Now, Kindschi has come in from the cold to defend himself.

In an exclusive Advertiser interview, Kindschi offered an intimate view of Rewald and his operation.

He said Rewald was not a CIA intelligence officer, that Rewald could not have been a covert agent while going around town claiming to be one, that Rewald's "reports" to the CIA were of a kind that would go "into the round file."

And Kindschi, in response to a question in a deposition, is also on record as saying that no one in the CIA ever told him the CIA would honor any financial obligations of Rewald's company, Bishop Baldwin Rewald Dillingham & Wong.

Warm and charismatic, Rewald influenced the meek and the mighty and betrayed the trust of his family and closest friends, Kindschi said.

Kindschi portrayed Rewald as an outwardly decent and upstanding business and family man. Even Rewald's quirks — a fascination with idol Elvis Presley, buying cars and horses like toys, retreating into the fantasy world of movies — seemed innocuous, he said.

But they showed a desire for instant satisfaction, Kindschi said.

Kindschi said that when he asked Rewald why he had let so many people down, Rewald twice broke down and cried. But each time Rewald returned to his

own cover, that of a businessman/spy betrayed by sinister forces.

Kindschi came to Honolulu in 1978 as chief of station for the CIA here. He became one of Rewald's closest personal friends. Early in 1979, he began investing his own life savings and his widowed mother's inheritance in Rewald's companies, an amount that eventually totaled nearly \$400,000.

In 1980, after retiring from the CIA, Kindschi was hired as a consultant in Bishop Baldwin.

Jack Kindschi doesn't look like a secret agent. A coin collector, hiker and sometime birdwatcher, he is short

and, at age 57, portly. His face is cherubic.

He could play Santa better than spy.

But he is an angry cherub, a wounded Santa.

When Rewald attempted suicide last July 29 and the company collapsed, Kindschi felt "hurt, puzzlement, compassion, rage." Today, there's more rage than compassion.

"He's ruining so many lives. It's one thing to take my money and attack me directly, but another thing to attack my friends and my mother, and I shall never forgive him for that."

Rewald attorney Robert Smith has publicly suggested that tracing the source of Kindschi's money would answer a lot of questions about the company's CIA link.

Today, Kindschi offers a sheaf of papers for inspection: "My father had died in 1982 and left an estate, and we put a substantial sum in (Bishop Baldwin) and I took full responsibility for putting all of my mother's money in there. I have documents here . . . that prove conclusively and decisively that that money came from 40 years of hard work by my father, and we can track it right back, and I have given the complete

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information to the FBI so that they can track it back."

Unfounded suggestions of sinister CIA paymasters are "really guilt by innuendo. It's McCarthyism, that's what it smacks of."

Kindschi says he had so much confidence in Bishop Baldwin that he borrowed an additional \$100,000 in the spring of 1983 from GECC Financial and invested it with the firm.

It is hard to believe that a veteran CIA officer could have been played for a sucker.

"Suffice it to say that I was probably one of the most surprised people in Honolulu when this all happened," Kindschi responds. "And I still wake up in the middle of the night and can't believe that it happened."

Rewald and others who contend that Bishop Baldwin was run by the CIA point to Kindschi as proof. They say Kindschi and others in the CIA regularly received communications from Bishop Baldwin, wrote its brochures and reports, and created the company.

Kindschi's signature does appear on some checks paid to Bishop Baldwin to reimburse about \$2,700 in telephone and telex expenses incurred by a few Bishop Baldwin subsidiaries now believed to have been CIA covers.

Kindschi won't talk about those.

He also received \$68,000 from Bishop Baldwin, plus travel and other expenses, for preparing and editing reports and brochures. Kindschi will talk about that money, and says it was compensation he earned working as a Bishop Baldwin consultant for more than two years after he retired from the CIA in 1980.

And Kindschi said in a deposition months ago that he knew of no CIA involvement in the preparation of any Bishop Baldwin documents.

Kindschi says he can't talk about anything the CIA actually did because his secrecy oath with the agency is still in effect and because a court order in the case bars disclosure of CIA-related information.

When confronted with a question that touches CIA activity, he says, he will not lie, but he will not answer.

So Kindschi's life story has gaping holes in it, and his account of his relationship with Rewald also contains some pukas.

But it remains a fascinating chronicle of deception and betrayal. The dispute between Kindschi and Rewald is who betrayed whom.

**(TOMORROW in The Advertiser:  
Kindschi, the covert agent.)**

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Continuing tomorrow and during the week in The Advertiser: Ex-CIA agent Jack Kindschi talks about Ron Rewald.

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Continued

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Jack Kindschi is fourth from left in the back row and Ron Rewald is second from left seated in "class photo" of Bishop Baldwin.

# Soft spot in cloak-and-dagger 'cocoon'

Second of a series

By Walter Wright  
*Advertiser Staff Writer*

Affable John C. "Jack" Kindschi seems perfect for the overt job in which he finished his career with the Central Intelligence Agency — as station chief in Honolulu.

But Jack Kindschi's undercover credentials are in order.

Pretending to work for a Washington, D.C., public relations firm, Robert R. Mullen & Company in Sweden, Kindschi actually spent the years 1962 to 1966 as a covert CIA agent, getting Chinese and Soviet citizens — reportedly including a top official of the Soviet KGB — to defect.

Kindschi, in an interview with The Advertiser, refused to talk about his CIA work at all. But details of his intelligence career have been gleaned from other sources.

Still under Mullen cover, Kindschi moved to Mexico City and monitored Soviet and Cuban activity in Central America until 1969.

Transferred to Washington, D.C., Kindschi helped keep track of Soviet activity in the United States for three years, then was given responsibility for personnel assignments in Western Europe.

The Mullen company's relationship with the CIA was revealed as a result of the Watergate investigation in 1973.

In 1975, Kindschi's previous cover with Mullen was blown by turncoat CIA agent Philip Agee, in a book, "CIA Diary — Inside the Company."

The expose apparently didn't hurt Kindschi's career. He was named branch chief handling selected aliens and defectors to the United States.

Born July 4, 1927, in a small farm town in Wisconsin, Kindschi was, he chuckles, "destined to be serving my country, obviously."

He served in the Marines in World War II, earned degrees at the University of Wisconsin, then did graduate work in Russian studies there and at Northwestern University.

He was hired by the State Department and sent to the U.S. Embassy in Moscow in 1954 for classified work. He joined the diplomatic courier service, serving at the 1955 Geneva Conference, and in Frankfurt and Cairo. He quit State and worked briefly for a private



## a spy's-eye view of ron rewald

foundation resettling Soviet refugees, before joining the CIA in 1957.

Kindschi says he met Ronald Rewald socially in Honolulu after Kindschi arrived in September 1978 to take over as station chief. He won't elaborate on the meeting.

Rewald had apparently already made contact with Kindschi's predecessor as station chief, Eugene Welsch. Although both men were from Wisconsin, Kindschi says he had never heard of Rewald.

How could Rewald's previous conviction on misdemeanor criminal charges in connection with a business transaction in Wisconsin, and his bankruptcy there, have escaped the attention of the CIA if it was dealing with Rewald?

The agency does have a mechanism for at least cursory checks on anyone with whom it deals.

But, persons familiar with those procedures say, Rewald's previous problems might not have appeared "on the radar screen" if the CIA had done a routine name check.

In any event, Kindschi was soon dealing with Rewald in some way on CIA business, apparently continuing what Welsch had started.

At the very least, Kindschi received rambling letters from Rewald describing his foreign travels. The agency routinely receives such information, some of it requested, from persons traveling abroad.

Far less common are CIA uses of companies created as "covers" for its activities. And Kindschi did reimburse telephone and

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telex expenses for a small Bishop Baldwin subsidiary company called Canadian Far East Trading Corp., created in 1978.

Rewald says his CMI Investments Corp., activated in Hawaii in 1977, was also taken over as a CIA cover, along with H & H Enterprises, established the same year.

In January 1979, Kindschi became a silent investor in his new friend Rewald's Interpacific Sports company, purchasing a 10 percent interest for \$47,000.

He says he kept quiet about the investment because, while he considered it as innocent as a money-market fund, he knew the agency might consider the investment a conflict of interest. He says any suggestion that Interpacific was a CIA cover is "fantasy."

He says he began drawing \$1,000 a month from the company in 1980, to supplement his retirement benefits.

The only time Kindschi ever questioned Rewald's operation, Kindschi says, occurred when Rewald abruptly closed an Aikahi Shopping Center sporting goods store and opened a new one in Hawaii Kai, "without ever letting us know a thing about it. He glossed over it and assured me that the stores were doing extremely well."

Reassured, Kindschi says, he didn't question Rewald again.

"How could I be so stupid? I know," he shakes his head today. "Well, I also trust my friends. He was my friend. I believed in him. He told me these things. I accepted them at face value."

Rewald, Kindschi says, "has tremendous charisma," and is still using it, to try to win back former employees and the very investors he is accused of stealing from.

But how could the warmest, most charismatic figure so quickly and completely de-

ceive Jack Kindschi, a man trained in counter-intelligence to detect enemy agents operating under cover?

"But they're mostly foreign nationals, you see. I guess I take Americans pretty much at face value," Kindschi said.

And, Kindschi adds, "I think you have to realize that, as a government servant for the last 30 years essentially, I was somewhat vulnerable. I'd lived in a cocoon in a sense."

And at age 56, facing retirement on limited income and given a chance at a nice job — \$60 an hour and then \$2,000 and finally \$4,000 a month — "you probably put on rose-colored glasses or you don't ask the hard-searching questions that one should ask."

But, Jack, nobody wants to believe that any of these people who work for the CIA are suckers.

"Well, they are, though. We are well educated, but we are mainstream Americans, all of us. You know, there is a mystique about the agency, but it is ridiculous."

Butterfly Kindschi emerging from his government cocoon shared some of that vulnerability with other well-known Rewald friends.

"There was a feeling of reinforcement . . . You'd see Jack Lord, who was buddy-buddy with Ron, and you'd see Arnold Braswell (then commander-in-chief of Pacific forces), and you'd see the governor or lieutenant governor. I mean he attracted people like moths to a flame . . . he collected people . . . he had a way with people that was exceptional."

Kindschi says he flew into the heart of the flame in 1980.

**Tomorrow: Kindschi joins Bishop Baldwin.**

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Continuing tomorrow in The Advertiser: Ex-CIA agent Jack Kindschi, an investor and consultant in Bishop Baldwin Rewald Dillingham and Wong, disputes Ron Rewald's claim that the CIA ran the bankrupt investment company.

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HONOLULU ADVERTISER (HI)

15 May 1984

# Kindschi: Rewald firm not CIA idea

Third of a series

By Walter Wright

Advertiser Staff Writer

John C. "Jack" Kindschi has been accused of setting up Bishop Baldwin Rewald Dillingham & Wong for the CIA.

The idea, Kindschi says, is "grotesque and outlandish."

The company was incorporated in October 1978, a month after Kindschi arrived to take over as CIA station chief in Honolulu. But Kindschi says the first he heard of the company was when Rewald told him one night he was moving his operation from the Amfac Building to Grosvenor Center and renaming it.

The Amfac Building had been the address of Rewald's CMI Investments, and two little trading companies which the CIA apparently used for commercial cover, Canadian Far East Trading Company and H & H Enterprises.

Rewald, Kindschi says, "said Bishop Baldwin used to be an old company and that he had talked with the owners, now retired. He said Baldwin was in California, an elderly man, and Randall Dillingham was an elderly gent in the Philippines who died."

James Bishop, Kindschi said, was supposed to be a distant relative of members of the old firm.

Rewald disputes Kindschi's account, saying Bishop Baldwin and CMI overlapped each other in time, that Bishop Baldwin was used initially abroad and that Kindschi "authorized" it after he arrived in Hawaii.

In July 1980, Kindschi retired from the CIA. Rewald suggests Kindschi never retired, but Kindschi insists "the CIA was the farthest thing from my mind. I thought I was on to bigger and better things."

Documents indicate that his successor as station chief, Jack Rardin, thereafter paid the phone bills for Canadian Far East Trading Corp. which Kindschi had been paying.

Kindschi says \$120 he received from Bishop Baldwin in February 1980, months before he retired, was for some coin appraisals he offered to do. The next Bishop Baldwin payment to Kindschi doesn't appear in the books until April 1981. Overall, he received over \$83,000 during more than two years.

Kindschi said he researched an immigration problem, put out Bishop Baldwin's quarterly economic report, and worked on some company brochures — including those which suggested the firm had been around for a long time and had done work for the government and White House. Kindschi says he believed Rewald about an old-time predecessor company and about work for the government.

Kindschi also edited the company's "Capital Flight from Hong Kong" study, which he criticized as unoriginal. But Rewald was "proud as a peacock" and claimed Gov. George Ariyoshi had ordered the report for \$230,000, Kindschi said.

How could many other people have gotten the impression that the CIA was deeply

involved with Bishop Baldwin and Kindschi not have gotten wind of such claims?

"Incredible," Kindschi concedes. But he says he wasn't around, went to the office only 25 times in three years and knew few of the other consultants and investors.

Kindschi says Rewald didn't tell him that Bishop Baldwin was doing any CIA business. "He never asked me about my business and I never asked him about his business," Kindschi says if he had heard of CIA stories getting around, true or false, he would have alerted the agency himself.

Kindschi says at one point he jumped to the conclusion that Rewald was collecting intelligence for Gen. Arnold Braswell, then commander in chief of Pacific Air Forces. Braswell, who had considered working for Rewald after his retirement, now says he lost more than \$100,000 to the firm.

"I said, 'Don't get yourself in bed with the military or the government, because you've got a responsibility to the investors,'" Kindschi said.

But didn't Jack Kindschi have some impression of what Rewald's actual relationship with the CIA — whatever it might have been — was, even after he retired?

"Well, yeah," Kindschi responds, "I may have had an impression," but he indicates it was nothing like the scenario which has been laid out by Rewald and his friends — stories of arms deals, stolen plans, disinformation campaigns and "shadow houses."

"You know," says Kindschi, "I've never even heard of a 'shadow house' or a 'real house,' although I've been in this business for years." Those terms were used by KITV reporter Larry Price, who Kindschi says has been duped by Rewald.

Kindschi was particularly upset when Price reported that Kindschi had said he would lie under oath if a truthful answer would reveal Rewald was a covert agent. (Price says he won't accept anything Rewald says at face value, but puts faith in "court documents" shown him by Rewald attorney Robert Smith, specifically a transcript of Smith quoting Kindschi from memory several months earlier.)

Kindschi says he may not answer questions about the CIA, but will not lie.

The Advertiser showed Kindschi a copy of a nine-page letter addressed to Kindschi by Rewald on Jan. 8, 1979, regarding Rewald's recent trip to China. Kindschi glanced at the letter and muttered that such material "would have gone into the round file" at the CIA office.

The rambling letter talks about a factory

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tour, conversations with students, the weather, politics, tourism, business deals, inflation, Taiwan relations and military pacts. It is the kind of thing the CIA sucks up from travelers routinely — some of it volunteered, some of it requested.

Kindschi says he has yet to see a classified document revealed in the Rewald affair, and has seen some faked ones shown on television.

After the company collapsed, Kindschi said, he concluded Rewald had given others an inflated view of his CIA connections.

"When Ron attempted suicide, Robert Jinks called me and asked if I could come to the Hilton Lagoon where Ron had an apartment. Jinks and another consultant from (the firm's office in) Napa were there. He was wringing his hands, and said he wanted to know whether or not he was a CIA agent.

"Why?" I asked. And he said, 'Ron had us sign a secrecy agreement.'

"I said, 'Gentlemen, I can tell you right now, you are not working for the CIA because Ronald Rewald had no authority to sign anyone. He was not an intelligence

officer.'"

Jinks has since sued the CIA for millions, claiming he is an agent and that the CIA misled him or allowed Rewald to do so.

Says Kindschi: "Ask Rewald how he could be a covert agent when he tells everyone he is a covert agent. It just doesn't make sense."

The question was put to Rewald. "Who did I tell?" Rewald demanded.

A letter on Bishop Baldwin stationery, dated Dec. 12, 1980, addressed to Jinks, says, in part:

"I had dinner last night with the new director of the CIA and he has several exciting new projects for us after the first of the year. I am certain that if you want, you can get involved in at least one or two of these projects. However, they would require some travel on your part and a good deal of time in briefings first. Maybe you and I can discuss this next time I'm through California, which should be the latter part of January."

The letter is signed: "In the Lord's care, Ron."

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Air Mail Building, Suite 1700 Bishop Drive, Honolulu, Hawaii 96813. Phone (808) 531-4189

January 8, 1979

Mr. John C. Kindschi  
P.O. Box 1600  
Honolulu, Hawaii

Dear Mr. Kindschi:

As for our previous discussions, I will try to eliminate as much personal opinion as possible and merely relate information as I received it.

First of all, let me state that I could not have planned my visit at a better time than the present.

As many of us have felt that our President played the (CHINA CARD), many in Peking feel as if China played its (AMERICAN CARD). The United States was obviously kidding itself that Taiwan in any way could represent the true interest of mainland China and aside from what I'm sure are the present feelings by many that we abandon our obligation to the people of Taiwan, our long term interest will best be served by our country's new relations with the real China.

It was enjoyable being an American in Peking at this time, with most all the Chinese smiling and nodding and being extremely courteous and considerate, an attitude nonexistent on my last trip to China, which I found in complete contrast to most areas of the country where I was treated with courtesy and respect.

I hope you will find this report of value and I will look forward to hearing from you at your earliest convenience. Should you have any questions or if I can be of further help to you in any way, please do not hesitate to contact me. I will be happy to review with you in person my recent trip and share what other information and pictures I have accumulated.

Sincerely,

*Ronald R. Rewald*

Ronald R. Rewald

RRR/cb

Excerpts from the letter dated Jan. 8, 1979, from Rewald to then-CIA Honolulu-station Chief Kindschi about Rewald's trip to China.



HONOLULU ADVERTISER (HI)

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## The dreamer couldn't wait

# *Looking back, Kindschi sees signs*

Fourth of a series

By Walter Wright

Advertiser Staff Writer

When Ronald Rewald was flying high, wide and handsome through Hawaii's financial, political and social circles, few knew him better than Jack Kindschi.

When Rewald crashed in a pool of blood and money last July, Kindschi discovered he hardly knew him at all.

Now, in retrospect, aspects of Rewald's personality stand out for Kindschi as faint warning signals.

When they first met, Kindschi saw nothing about Rewald to suggest he was anything other than what he said he was. "He had a beautiful family. He seemed to have high moral standards. His relatives were very pleasant. I'm not a paranoid type of guy. . . . Maybe I should be by now."

Everyone else, too, seemed to think "Rewald was the greatest thing since sliced bread."

It is part of Rewald's defense that his own family was injured in the collapse of his company. Why, Rewald asks, would he injure them? Rewald's answer is that he didn't do it, that the CIA did.

Kindschi, former CIA station chief in Honolulu and a longtime CIA agent, says there is another explanation: "Ron's temperament. Instant gratification. No patience. That's his style. I gave him a little plaque once which said, 'Lord, give me patience — and give it to me right now!' And he didn't like that at all. But he took it to his office and everybody laughed about it because it depicted him so precisely.

"He used to say to me, 'Money is a renewable resource.' I guess I never looked at it that way because I never had that kind of money. And if he saw something he liked, he bought it, he got it.

"He had to satiate or satisfy his impulses and desires at that time.

"And I think he trapped himself. It just got bigger and bigger and bigger.

"I think the whole thing snowballed on him and he thought he could get . . . the United States government to bail him out,"

Kindschi said.

There is in Rewald, Kindschi says, a streak of Walter Mitty — the James Thurber character who lapsed into fantastic dreams of himself as romantic hero.

Kindschi says Rewald idolized Elvis Presley, and his dreams included running for the U.S. Senate from Hawaii. Rewald counters that he had no political ambitions, and that the Elvis Presley costume in his house belonged to his son, not him.

"It's very difficult to get into another person's mind, but I think he kept spending and kept spending and apparently it was part of a long-range plan, it would seem, inasmuch as he had all this insurance with the suicide coverage and everything," Kindschi said.

"Some people say that slashing the wrists is a cry for help. Nobody's really focused on the suicide. . . . It takes an unusual person to attempt suicide. How long was he contemplating it?"

In the preceding six months to a year, Rewald was "less jocular, a less carefree individual" than he had been earlier. On a cruise the Rewalds took with the Kindschis from Honolulu to Victoria early last summer, Rewald "didn't seem to be his usual self."

And then, on the evening of Thursday, July 28, after they had all returned to Hawaii, the Kindschis got an unusual telephone call.

"My wife and I had finished supper, it was about 6:30 p.m., and Nancy called and she said, 'We were just sitting around, come over and have dessert with us.'

"It had never happened before," Kindschi remembers.

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"And we were three-quarters of an hour away. Helen asked me if I wanted to go over, and I said, 'Let's do it,' because I wanted to ask Ron if he wanted me to attend the New Orleans hard money conference.

"We were there from 8 to 10 or so, about two hours.

"We looked at some pictures they had taken in Milwaukee, and Ron and I played a couple of games of pinball, and when we were walking back, past the kitchen, Ron gave Nancy a real dirty look.

"Jeff, the oldest boy, came in, talking about polo, and Ron ate him up one side and down the other. It was a strange evening.

"Nancy started combing the dog, and she was straining to carry on a conversation. She was not herself. Ron didn't eat his dessert, just a couple of bites."

Kindschi didn't know it, but the eerie gathering was sort of a last supper. The day before, Rewald had written a check for \$23,000 to his wife. The next day, she was to take the entire family and leave the Islands. None of that was mentioned to the Kindschis, who were close to the entire family.

"I said something about it was time for us to go, and Ron said, 'Oh, so you're not having a good time,' and I answered back — it's kind of Midwest humor — 'No, this is really awful.'"

Rewald reminded Kindschi not to miss their usual meeting at Motorcars Hawaii that Saturday morning, Kindschi said.

As the Kindschis left on that Thursday evening, Kindschi recalled, he turned to his wife and said, "I don't know what the hell's wrong, but they don't seem to be happy."

Saturday morning, Rewald didn't show up at Motorcars. When Kindschi got home to Kailua, he says, he found two envelopes waiting for him. One was his twice-monthly paycheck from Bishop Baldwin Rewald Dillingham and Wong, \$2,000. The other was a check from Bishop Baldwin for \$145,000.

"I said, 'I don't know what the hell this is for.' . . . I was wondering if something was wrong."

That evening another consultant, Ed Hoffman, called and told Kindschi about a television news program the previous night raising questions about the company. Kindschi went to Hoffman's house and watched a tape of the program.

Later that night, Kindschi got a call from Rewald's chauffeur, Franklin Kipili. Rewald, Kipili said, was in serious condition at Queen's Hospital. He had been found near death that day, his wrists slashed, in a Waikiki hotel room.

**Next: After the fall, at Rewald's bedside.**

HONOLULU ADVERTISER (HI)

17 May 1984

## The \$140,000 question

# *Friendship in the final days*

**Fifth of a series.**

**By Walter Wright**

*Advertiser Staff Writer*

John C. "Jack" Kindschi, chief of station for the CIA in Honolulu from 1978 to 1980, is part of the mosaic that makes up Ronald Rewald's claim that the CIA created and ran the firm of Bishop Baldwin Rewald Dillingham & Wong.

The CIA and Kindschi reject that story. And Kindschi goes out of his way to clarify two details which Rewald is using to support the claim.

Rewald has charged, in his \$671 million civil suit against the CIA, that "the key complainant" in the criminal case against Rewald is Kindschi, and that Kindschi requested withdrawal of \$140,000 from his Bishop Baldwin investment the very day of Rewald's suicide attempt, July 29.

Those allegations could be used to bolster a theory that Kindschi, far from being an innocent victim, was an insider who knew "the truth" about the company and tried to get his money out. And that Kindschi, acting on behalf of the CIA, made sure criminal charges were filed against Rewald so that Rewald would be thrown in prison while the agency tried to clean up the mess.

"That's absolutely untrue," Kindschi says today. He says he was as much in the dark as any investor, and lost more than most. And "from the time of the suicide attempt and for the remainder of the year, I had absolutely no contact with anyone from the CIA."

Why is Kindschi making such an effort to set the record straight now?

"I don't want anybody using me," says the veteran CIA officer. "I'm being used as it is by (Rewald attorney Robert) Smith and Rewald and so on."

In fact, Kindschi says, "I was very concerned at the time (of the collapse of the company last year) that maybe for reasons unknown to me the police or the state or somebody else was going to make me the fall guy, because they swooped down on me."

"I think I had three or four subpoenas in a week. Grand jury testimony, state testimony, white collar, fraud, FBI, everything."

Kindschi and his attorney, Richard Griffith, say they since have been told that Kindschi is not a target of criminal investigations.

He says he gave information about Rewald when questioned by investigators and grand juries, but didn't initiate the criminal complaint against his close friend, who was at that moment lying in a hospital bed recovering from a suicide attempt.

"That was the week after, and I didn't have all the facts arrayed in my mind. I had great concerns, but at that time I probably had more compassion than anything else for Ron. I just had to give him every advantage, every benefit of the doubt."

He said he even had Griffith contact Rewald's attorneys, Smith and Brook Hart, to let Rewald know that he had not "brought charges" against Rewald.

Kindschi's account of himself in the investigation is borne out by the police and prosecution, who say they selected Kindschi because they could tell he would be a good witness.

As for the \$140,000 "withdrawal," Kindschi says he received the money but didn't ask for it. The money came up in two emotional conversations with Rewald, Kindschi says.

When he went up to the hospital July 31, two days after the suicide attempt, Kindschi recalled, Rewald merely "rolled his eyes and shook his head. I gave him a lecture about the sanctity of life and how precious life is. I felt like a very small 'c' Catholic and said, 'Gee, Ron, maybe this will make you a better Catholic.' I felt at that time he needed a little preaching to."

"I asked him if he could meet the payroll, and what if there was an investor run? He said, 'We can handle that; we'll have to liquidate some assets . . . That's why I gave you the \$140,000, to tide you over.' " Kindschi said Rewald told him to get in touch with Sunlin Wong, president of Bishop Baldwin, and tell him to shut down the company for 30 days, and Kindschi did.

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A week later, Kindschi said, Rewald telephoned him from the hospital. "And I got on and he said, 'When I get out of the hospital, I've got to talk to you privately.' And I said, 'Well, okay, it's going to be difficult.' And then I started in: I said, 'Ron, what the hell are you doing, you've made such a mess of everything?' He broke down and started crying and hung up."

Another week passed and, Kindschi says, he got another call from Rewald, who was then in prison. Kindschi recalls Rewald saying, "I don't have much time but listen, I've got to get my bail reduced and I'm going to tell them that you requested the \$140,000 when you came over for that Thursday night the 28th." Kindschi said he was "dumbfounded, just speechless, and I said something like, 'You know I'm in enough trouble now, Ron.'" still worried the investigators were coming after him.

"He repeated, 'Remember, you requested the money July 28.' Then I got on his ear again, or on his case, and said, 'You know, you really — Ron, I can't believe what you've done' and he started crying and hung up."

Kindschi says he turned to his wife and exclaimed: "What's he trying to do, get me to perjure myself?"

Rewald denies Kindschi's account of the telephone conversation from the prison, and says he never discussed that money with Kindschi.

Kindschi says he can recall nothing he may have said that would have given Rewald the impression he wanted to withdraw the money.

He had just deposited \$100,000, borrowed from GECC Financial with a Royal Iolani condominium as collateral. He says that brought the total he and his family had invested to close to \$400,000, including interest Rewald had promised.

Kindschi says he assumed Rewald paid him off to try to show that investors such as Kindschi were being paid their money on demand on Friday, July 29, and that there was therefore no reason for the subsequent bankruptcy.

Bankruptcy administrator Thomas Hayes says he has found a note in Rewald's handwriting instructing a company secretary to send \$140,000 to Kindschi and \$70,000 to another close friend and investor, Killian Bode.

The money, like all withdrawals within 90 days preceding the collapse, since has been claimed by Hayes, and Kindschi has returned it.

**Conclusion tomorrow: Old friends, old enemies.**